

December 14, 2010

Chairman Ben S. Bernanke  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

Re: Docket No. R-1390  
Federal Reserve Board's Proposed Changes to Credit Insurance  
Disclosures under Reg Z and the Truth-in-Lending Act

Dear Chairman Bernanke,

I am writing in opposition to the Federal Reserve Board's proposed changes to Reg Z relating to credit insurance and debt protection disclosures.

I have sold mortgage life and credit life disability insurance for forty-eight years to banks and other financial institutions. I started my career in Philadelphia covering Pennsylvania, New Jersey, and Delaware and in the process my associates and I sold over a billion dollars worth of coverage in about a five year period. I was then transferred to Cleveland/Columbus, Ohio and sold another billion dollars worth of mortgage life and credit life disability insurance.

We always felt good when we saw claims being paid. Over the course of those forty-eight years I know that hundreds of borrowers' spouses could remain in their homes or continue driving their cars because they were paid off when their spouse passed away.

A couple of weeks ago in the USA paper it showed the number of folks who no longer carried life insurance – it is declining. By proposing this new regulation in Reg Z you further hamper those regular folks that do not have

an agent calling on them to convince them to buy life and disability insurance.

Banks and financial institutions are perfect platforms to sell these products to their customers both via mail and loan officer contact with the borrowers.

The government has been hammering on the banks and other financial institutions to make tighter controls and watch their delinquencies. If you take this away from the banks and other financial institutions their delinquency rate will go up due to the deceased borrower's spouse not being able to make the payments or in a disability situation the borrower not being able to pay his loans because of being disabled. If you read what your staff has put together no one is going to buy optional insurance if they have to sign these disclosures. If fact training as many loan officers as we have I know what will happen. They will say Mr. Borrower you do not need this insurance and you do not need to sign these forms.

Chairman Bernanke, these are ill-conceived proposals by your staff and I certainly hope you do not go forward with these regulations.

Sincerely,



Roger Johnson

Attachments enclosed

cc: Senator Al Franken  
Commissioner Gary Locke  
Representative Michele Bachmann  
The Honorable George Voinovich  
The Honorable John Boehner  
The Honorable Sherrod Brown  
The Honorable Pat Tiberi  
The Honorable Rob Portman

Fri/Sat/Sun, December 3-5, 2010

# Newsline

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## Millions of families missing safety net

### Fewer people are buying life insurance

By Sandra Block  
USA TODAY

The percentage of U.S. households with life insurance coverage is at its lowest in 50 years, leaving millions of families without a safety net, industry experts say.

Only 44% of households have an individual life insurance policy, and 30% have no individual or employer-provided life insurance, according to a recent survey by LIMRA, an industry-sponsored group. Some 11 million households with children younger than 18 — viewed as families with the greatest need for coverage — have no life insurance.

The drop in insurance coverage comes at a time when premiums for term life insurance are significantly lower than they were a decade ago. For example, a 35-year-old healthy man can purchase a \$500,000, 20-year term policy for about \$25 a month, according to ING, a financial institution that sells life insurance. Behind the decline:

► **The economic downturn.** More than 40% of families said they haven't purchased life insurance because they have other financial priorities.

At the same time, 40% of families with children under age 18 said they would have immediate trouble paying expenses if the primary breadwinner died.

#### Families covered

Percentage of husband-wife families with kids under 18 who have life insurance.

90%

77%

2004

2010<sup>1</sup>

<sup>1</sup> — through June  
Source: LIMRA

By Julie Snider, USA TODAY

# All life insurance is not the same

You can take steps to make it more affordable

By Sandra Block  
USA TODAY

Americans have given up a lot of things during the economic downturn: restaurant meals, vacations, cable TV — and life insurance.

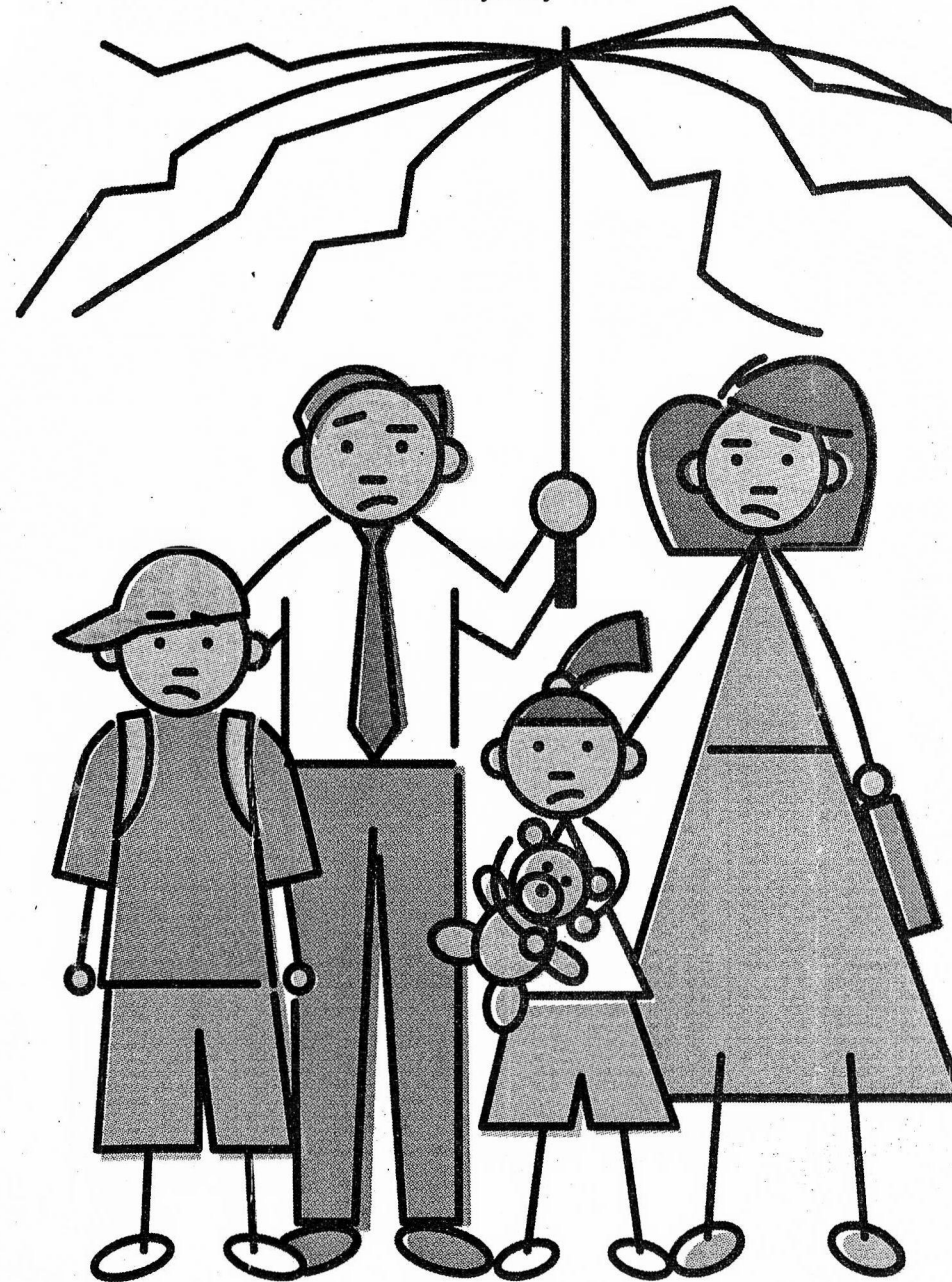
Thirty percent of U.S. households don't have any life insurance coverage, up from 22% in 2004, according to a recent survey by LIMRA, an industry-backed consulting group. Some 11 million households with children under age 18 don't have any life insurance, LIMRA reported.

This trend is troubling, insurance experts say, because many families have also seen the value of their assets — such as their homes and retirement savings — decline. That leaves survivors with less to live on if the family breadwinner dies.

The good news is that you don't have to spend a lot of money to protect your family from catastrophe. Life insurance premiums have been declining for years, mainly because people are living longer. For most families, term life insurance "is unbelievably cheap," says Byron Udell, chief executive of AccuQuote, an online insurance site. A healthy, 40-year-old man who doesn't smoke can buy \$500,000 in coverage for about \$31 a month, Udell says. "Even in these tough times, they're probably spending more than that on beer," he says.

There are several steps you can take to make life insurance even more affordable, including:

**Buy term.** Term insurance provides coverage for



By Sam Ward, USA TODAY

financial planner and founder of InsuranceProviders.com.

As long as you pay your premiums, your insurer can't cancel your coverage during the period of the term, even if your health declines. Once your policy

you're still on the young side, you'll save a lot of money over the life of the policy," Danise says.

**Don't assume a group plan is cheaper.** Many employers offer voluntary group life insur-

## Life insurance criteria

Insurance companies offer the lowest life insurance rates to people who are considered at the lowest risk of early death. Ideal candidate for Preferred Plus (sometimes known as Preferred Best or Super Preferred) rates:

- ▶ Ideal weight for height, with a body mass index (BMI) of roughly 25 or less.
- ▶ Excellent health history with no serious or chronic illnesses or ailments.
- ▶ Immediate family has no history of cardiovascular disease or internal cancer before the age of 60.
- ▶ Never smoked, or hasn't for at least five years.
- ▶ Doesn't participate in high-risk recreational or occupational activities such as hang gliding, rock climbing, motorized racing, off-shore drilling, mining, etc.
- ▶ Recent financial standing is excellent with no bankruptcy in the last few years.
- ▶ Healthy total cholesterol (about 220 or less) and total cholesterol/HDL ratio (about 5.0 or less).
- ▶ Average blood pressure readings of 140/85 or less.
- ▶ Very clean driving record with no more than one or two moving violations in the last three years and no DUIs or reckless-driving convictions in the last five or more years.
- ▶ Never required treatment for drug or alcohol abuse.

Source: Insure.com



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▶ People with life insurance drops to 50-year low, 1A

**Pay your premiums annually.** Most life insurance companies allow you to pay premiums annually, semiannually, quarterly or monthly. While spreading out your premium payments may make them seem more affordable, some insurers charge

**OPTIONAL COSTS**  
**Option to Purchase Credit Life Insurance**

**STOP.** You do not have to buy Credit Life Insurance to get this loan. Go to [www.frb.gov/creditprotectionproducts](http://www.frb.gov/creditprotectionproducts) to learn more about this product.

<b>Do I need this product?</b>	<p>If you already have enough insurance or savings to pay off this loan if you die, you may not need this product.</p> <p>Other types of insurance can give you similar benefits and are often less expensive.</p>
<b>How much does it cost?</b>	This product will cost up to <b><u>\$118 per month.</u></b> The Cost depends on your loan balance.
<b>What is the maximum benefit amount?</b>	This product will only covers the first \$150,000 of the outstanding balance on your loan. You will be responsible for any balance due above \$150,000.
<b>Can I receive benefits?</b>	<p><b><u>You may not receive any benefits even if you buy this product.</u></b></p> <p>You meet the age eligibility requirements, but there are other requirements that you must meet. If you do not meet these requirements, you will not receive any benefits even if you buy this product and pay the monthly premium.</p>
<b>How long does the coverage last?</b>	This product provides coverage for the first 10 years of your loan or until you reach age 70, whichever comes first.

☐ Yes, I want to purchase optional Credit Life Insurance at a cost of up to \$118 per month. \_\_\_\_\_ Signature